



Volume 14 No. 2, October 15, 2007

QUOTA EXCHANGE

The second butterfat Quota Exchange of the 2007-2008 dairy year was conducted on October 15, 2007. The market-clearing price established for the Unused Quota Exchange was **\$46.00**. There was no market-clearing price established for the Used Quota Exchange. The results of the October 2007 Quota Exchange are outlined in the following Tables.

The next monthly Quota Exchange for the 2007-2008 dairy year will be held on November 15, 2007. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the Board office by midnight, November 6, 2007. The Board recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange.

Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase. To determine the clearing price of Total Production Quota, the bids to buy may be adjusted to five percent of annual production quota issued. This is necessary to avoid price distortion from excessively large bids.

TABLE I
UNUSED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	\$46.00
Kilograms offered to Purchase – total	3,100
Kilograms offered to purchase at 5% adjustment	-----
Kilograms offered to Sell	24,197
Kilograms sold	1,341
Number of Producers	
- offered to purchase	5
- purchased quota	5
- offered to sell	13
- sold quota	6

UNUSED QUOTA EXCHANGE

Price (\$/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
35.00	0	0	0	0	-3,100	3,100	1,000	3	1
45.00	2	2	1,341	1,341	-759	2,100	100	2	1
46.00	0	2	0	1,341	-659	2,000	2,000	1	1
47.00	1	3	800	2,141	2,141	0	0	0	0
47.50	1	4	990	3,131	3,131	0	0	0	0
50.00	2	6	1,100	4,231	4,231	0	0	0	0
56.00	2	8	17,091	21,322	21,322	0	0	0	0
60.00	3	11	2,875	24,197	24,197	0	0	0	0

TABLE II
USED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	\$ -----
Kilograms offered to Purchase – total	-----
Kilograms offered to Sell	-----
Kilograms sold	-----
Number of Producers	
- offered to purchase	
- purchased quota	
- offered to sell	
- sold quota	

USED QUOTA EXCHANGE

Price (\$/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
-----	0		0				0		0

BUTTERFAT PRODUCTION AND COMPONENT PRICING, SEPTEMBER 2007

Butterfat production for September 2007 totalled approximately 664,575 kilograms. This was approximately 4.13% higher than September 2006 shipments. **For the first two months of the 2007-2008 dairy year, Saskatchewan's allocation of Total Production Quota totalled approximately 1,409,447 kilograms. In the first two months, the province has shipped 94.46% of that amount.**

The weighted average component tests and prices for the province in September are indicated in Table III.

Over quota (4m) holdings are \$645,494.94 for the first two months of the 2007/2008 dairy year.

TABLE III

Components	Average Test	Price per kilogram Class 1 to 5
Butterfat	3.7974	\$10.888034
Protein	3.3460	\$ 7.888034
Other Solids (S.N.F.)	5.6471	\$ 1.168453

Based on the average component tests for the province, the average price received was \$74.3373 per hectolitre. The average butterfat price received per kilogram was \$19.58.

SASKATCHEWAN MILK POOL RESULTS September 2007

TABLE IV

Milk Sale Revenue	\$ 13,176,084.42
Western Milk Pool	\$ - 62,565.46
Dairy Farmers of Canada Skim Off	\$ -20,602.89
Plant of Last Resort Service	\$ -56,651.34
Pick up slips	\$ - 8,148.00
Total Pool Value	\$ 13,028,116.73

ACCOUNTING VALUES FOR CLASSES OF MILK – October 2007

TABLE V

	Butterfat (\$/kg)	(\$ per hl. Skim milk)	
Class 1a	\$5.3000	\$58.45	
Class 1b	\$5.3000	\$58.45	
Class 1c	\$5.3000	\$44.50	
	Butterfat (\$/kg)	Protein (\$/kg)	Other Solids (\$/kg)
Class 2	\$7.2333	\$5.4013	\$5.4013
Class 3a	\$7.2333	\$12.6330	\$0.8428
Class 3b	\$7.2333	\$12.4025	\$0.8428
Class 4a, 4b, 4d & 4d(i)	\$7.2333	\$5.0219	\$5.0219
Class 4a(i)	\$7.2333	\$1.7000	\$1.7000
Class 4c	\$7.2333	\$4.3370	\$4.3370
Class 4m	\$0.00	\$0.00	\$0.00
Class 5a	\$3.7028	\$8.6888	\$1.0514
Class 5b	\$3.7028	\$4.3824	\$4.3824
Class 5c	\$3.3740	\$3.3740	\$3.3740
Class 5d	As determined by the CDC		

CLASS 1 PRICE INCREASE – AUGUST 1, 2007

The Alberta Energy and Utilities Board increased the minimum price for Class 1 milk by \$0.98 per hl. effective November 1, 2007. The increase was due mainly to hay and dairy feed price increases based on a two month trend analysis. Accordingly, the Saskatchewan Milk Control Board will increase the Class 1 price to producers by \$0.98 per hl. effective November 1, 2007.

JOINT MILK CONTROL BOARD/DAIRY FARMERS OF SASKATCHEWAN PRODUCER MEETINGS

The Board and DFS are pleased to announce that they will once again hold the next session of producer meetings as a joint effort. Please plan to attend. The agenda and schedule of meetings follows.

JOINT MEETING AGENDA

1. Registration – 9:00 a.m.
2. Dairy Farmers of Saskatchewan Research Presentation
3. Dairy Farmers of Saskatchewan Update – Albert Leyenhorst & Wendy Kelly
4. Research Vote
5. Update – Markets & Production – Milk Control Board
6. Milk Control Board Quota Policy – 2007/2008 dairy year
7. Question Period
8. Other Business
9. Adjourn

Date	Time	District	Location
Monday, October 29	9:00 a.m.	Yorkton	St. Mary's Parish, Ukrainian Catholic Cultural Center 240 Wellington St. Yorkton
Tuesday, October 30	9:00 a.m.	Francis	Francis Hall, Francis
Wednesday, October 31	9:00 a.m.	Swift Current	F.O.A. Eagles 1910 Service Rd. W, Swift Current
Thursday November 1	9:00 a.m.	Saskatoon	Hilton Garden Inn Commonwealth Room 90-22 nd Street East Saskatoon
Friday, November 2	9:00 a.m.	Melfort	Travelodge 101 Spruce Haven Rd., Melfort

ADJUSTING PRODUCER ADVANCES

How are producer advances calculated?

A producer's advance is based on the following:

Producer Advance equals previous month's in-quota milk sales (Class 1 – 5) minus deductions multiplied by 50%.

Revenue received from 4m in-quota adjustments, C.D.C. surplus refund and 4m year-end refunds are not included in determining the following month's advance payment. Their inclusion often caused producers to go into arrears when Agrifoods operated the producer payment system on behalf of the Board. The Milk Control Board removed these revenues from the calculation of producer advances when the milk payment system was transferred to the Board.

Why are adjustments made to producer advances?

Adjusting producer advance payments is not a new practice instituted by the Milk Control Board. This practice was also undertaken when Agrifoods operated the milk payment system. The Board did reduce the tolerance factor from 20% to 5% in May, 2007 after a number of producers went into arrears due to significant changes in monthly production or quota allocations. When a producer's advance is changed, the Board notifies the producer that their advance has been reduced due to a reduction in shipments or quota holdings.

If a producer reduces his/her quota holdings by swapping, selling or changes in shipment by 5% or greater, the Board staff will estimate the monthly gross revenue for the producer and determine if their advance should be adjusted. This calculation is undertaken to prevent the producer from going into arrears, not receiving a month-end payment and having their following month's advance reduced.

Can producer advance payments be increased?

Producers can request the Board to increase their advance payments if substantial revenue increases are expected as a result of swapping in, buying quota or significant increases in herd productivity.

QUOTA MANAGEMENT TABLE

Please find enclosed your quota management results for September, 2007. This Table indicates the percentage of each producer's quota allocation utilized as well as the kilograms of butterfat produced by these shipments.

For the 2007-2008 dairy year, the Board will continue to provide these results on a monthly basis. We hope this information will assist producers with their management decisions regarding the utilization of their butterfat quota. If you have any questions, please contact our office.

QUOTA LISTING SERVICE

The Board offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows, or swap quota is welcome to contact the Board office at (306) 787-5319. All prices and negotiations will be independent of the Milk Control Board.

For Sale

- 2000 gallon Delaval tank. Contact James Hein (306) 365-3209
- Quota for sale – contact Keith and Murray Lockert at (306) 762-2201. Cell phone (306) 526-0076.
- Quota for sale – contact Fred or Anne Monchuk at (306) 365-4750.
- Holstein heifers and cows for sale. Contact Sheldon Peifer (306) 862-9470. Cell phone (306) 862-7140.

Want to Swap Quota

- Jerry @ Simmie Colony would like to swap in approximately 2,000 kilograms unused quota. Phone (306) 741-1707
- Wes Cairns would like to swap in quota. Phone (306) 656-4807

MILK CONTROL BOARD MEMBERS

Leonard Blocka, Chairman
Dr. David Christensen
Joseph Guenther
David Finlay
Garf Stevenson
Joanne Mortenson

Dairy producer
Dairy researcher/professor U of S
Dairy producer
Dairy producer
Consumer representative
Processor representative

For further information, please contact the Saskatchewan Milk Control Board office.

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